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CENTRAL INTELLIGENCE AGENCY

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SUBJECT Chinese Communist Plans for the Control
of Foreign Trade during the Transitional
Period

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The following report is a copy of the translation of an undated Chinese Communist document of unknown authorship. It is one of a group of documents on the general subject of foreign trade which reflect the preoccupation of a group of Chinese Communists in Hong Kong with the economic problems attendant upon a change of regime in South China.

Proposed Outlines of the Foreign Trade Control System for the Transitional Period.

A. Trading Principles:

1. Strive to obtain a balance of import and export trade.
2. Coordination with new plans for internal construction.
3. Consideration given to internal people's requirements.

B. Control Organs:

Establish foreign trade control organs and prepare organizational plans based on the above principles.

C. Focus of Planning:

1. Prescribe periodical import quotas on the quantities and kinds of machinery and raw material, and the required amount of exchange based upon the internal construction plans.
2. On the basis of the foregoing requirements, prescribe periodical export quotas on the quantities and kinds of goods, and prepare the progressive procedures.
3. Prescribe the trading areas and the trading parties.

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4. Prescribe trading methods.

- a. Importation of a large bulk of material should be based upon the principle of collective purchase by the state. The kinds of such goods shall be governed by detailed regulations.
- b. Exportation of a large bulk of goods shall be handled by the state. Kinds of such goods shall be governed by detailed regulations.
- c. Purchase techniques and methods of sale shall be on the consignment basis or agent basis, should the assistance of private import and export merchants be required.
- d. Apart from state-operated import and export goods and goods relevant to national defense, which shall be under the management of the government, all other goods shall be handled by private merchants. However, import and export goods handled by private agencies shall be governed by fixed quotas in order to implement the principle of import and export correlation.
- e. In a period when foreign market prices fall and export conditions are unfavorable, the government will bear all losses suffered by state-operated business as well as private business.

5. Prepare plans to promote rural secondary vocations and to encourage handicraft production. Such plans shall include the two following vital aims:

- a. Encourage handicrafts the products of which can be sold in foreign markets for foreign exchange.
- b. Encourage handicraft products which can substitute for machine-made goods to meet the requirements of the people at home and thus make it possible to export more machine-made goods.

D. Review Agency.

1. Foreign trade control organs.
2. Customs.
3. Specified banks for handling foreign exchange.

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